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LETTER DATED 16 JULY 1999 FROM THE SECRETARY-GENERAL
ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

I have the honour to transmit to you herewith a letter dated 14 July 1999 from the High Representative for the Implementation of the Peace Agreement on Bosnia and Herzegovina (see annex).

I should be grateful if you would bring the present letter to the attention of the members of the Security Council.

(Signed) Kofi A. ANNAN

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Annex

Letter dated 14 July 1999 from the High Representative for the Implementation of the Peace Agreement on Bosnia and Herzegovina addressed to the Secretary-General

I have the honour to transmit to you the fourteenth report on the activities of the High Representative for the Implementation of the Peace Agreement on Bosnia and Herzegovina. I would appreciate your making this report available to the Security Council.

(Signed) Carlos WESTENDORP
High Representative

Enclosure

Report by the High Representative for the Implementation of the Peace Agreement on Bosnia and Herzegovina to the Secretary-General

April-June 1999

1. *Pursuant to Security Council Resolution 1031 of 15 December 1995, which requested the Secretary General to submit reports from the High Representative in accordance with Annex10 of the Peace Agreement and the Conclusions of the London Peace Implementation Conference of 8-9 December 1995, I herewith present the fourteenth report to the Council.*

2. *The Report covers the activities of the Office of the High Representative and developments in the areas listed below during the period from the beginning of April to the end of June, 1999.*

   My Assessment of developments during my tenure is attached at Annex 1.

SUMMARY

3. The reporting period was dominated by events in the Federal Republic of Yugoslavia (FRY), which had a major influence on the situation in Bosnia and Herzegovina (BiH). In addition, the period saw the Final Arbitration Award for Brcko and the dismissal of Nikola Poplasen as President of the Republika Srpska (RS). Despite this, the situation in the RS remained stable, which testifies to the progress which has been achieved forty months after Dayton. The boycott of the Institutions of BiH by the Serb members did not last long. However, in the Republika Srpska, it has not yet been possible to overcome the stalemate between the dismissed nationalist President and the reform-oriented National Assembly.

   Despite ongoing efforts, the Federation continues to function with difficulty. Parallel institutions continue to exist and the legal institutions of the Federation are ineffective due to a lack of political will to rectify the situation.

   Since the end of the Kosovo crisis, the general atmosphere in the country has been improving, and there have been various indications that we can allow ourselves some optimism in the area of civilian implementation.

CO-ORDINATION OF CIVILIAN IMPLEMENTATION

4. **Peace Implementation Council:** The Steering Board of the Peace Implementation Council continued to meet on a regular basis at the level of Political Directors. I have also continued to convene weekly meetings of the Board at Ambassadorial level in Sarajevo.

5. On 11 May, the Steering Board met in Brussels, where it took the decision to proceed with the Donors' Conference and to extend the validity of Republic of BiH passports until 30 September, 1999. The Steering Board also decided to support the policy of refraining from any political action in the RS which might aggravate the situation there during the Kosovo crisis.

6. On 15 June, the Steering Board decided to defer the municipal elections. It also discussed the need for budgetary support to the Republika Srpska, the creation of an economic space within BiH, and progress on the draft permanent election law.

INSTITUTIONAL MATTERS

7. The Institutions of Bosnia-Herzegovina returned to work following the abrupt interruption caused by the boycott of Serb officials in reaction to the Brcko Arbitration Award and my decision to remove President of the RS, Nikola Poplasen. The boycott that was announced by Croat politicians after the assassination of Deputy Minister of Interior of the Federation, Jozo Leutar, did not have major consequences. HDZ leaders clearly understood that their policy of obstructionism did not have wide support within the Croat community.

8. The work of the **Presidency** continues with a more co-operative and positive approach which has prevailed since the constitutive session on 13 October, 1998. I brought the Presidency back to work by chairing a session in April this year after the boycott of the State Institutions by the Serb members. However, serious differences persisted among the three Members in relation to the interpretation of the recent events in Kosovo and the FRY and their impact on BiH: President Radisic constantly proposed Presidency statements condemning the use of BiH territory and airspace during the NATO action against the FRY (a proposal which was always rejected by the other Members). As expected, on 15 June, President Jelavic replaced President Radisic as Chair of the Presidency. In his inaugural speech, he emphasized his commitment to a new, tougher approach. A long-awaited and important agreement was reached on the reorganisation of the diplomatic and consular network of Bosnia and Herzegovina. After a meeting with SRSG Rehn and myself on 25 June, the Presidency agreed to start work on a Law on the State Border Service, and appointed an international working group. A draft law should be completed by the end of July. During the reporting period progress was also made on preparations for the introduction of a common driving license.

9. After a lengthy break due to the boycott of Serb delegates, the **Parliamentary Assembly** held its first session of the period on 11 and 18 May, 1999. At this session the Assembly adopted the State Budget for 1999. On 8/9 June the Parliamentary Assembly held its next session and adopted the Law on Telecommunications. I had previously brought this law into force on an interim basis. In addition, the validity of the old passport was extended to 30 September, 1999. The Parliamentary Assembly failed at this session to adopt the other legislation which I had imposed on an interim basis. Whereas the House of Representatives is trying to facilitate the legislative process, it is clear that Croat and Serb delegates are continuing to use the House of Peoples as a means of delaying legislation. Overall, therefore, the Parliamentary Assembly is not always able to find the political will to ensure it functions effectively. The working committees are functioning more effectively, but their work continues to fall far short of what is required for the Parliament to fulfil its obligations. On 25 June, 1999 I decided to bring into force on an interim basis the Law on the **National Anthem of Bosnia and Herzegovina**. This Law was adopted by the House of Representatives on 10 February, 1999. Although it has agreed on the National Anthem itself, the House of Peoples has been unable to agree on the text of the Law for the last four months.

10. Decision-making by the **Council of Ministers** continues to be slow, with this institution suffering from the differing priorities of the two entities and three constituent peoples. As a positive sign, members of the Council are attempting to develop a common work programme. While a difficult task, this is an important step towards addressing common priorities for BiH. Highlights of this period – shortened by the boycott – include the long-awaited adoption of the Law on Civil Aviation.

11. **Border Issues**: The Inter-State Diplomatic Border Commission between Bosnia and Herzegovina and the Republic of Croatia has made significant progress resulting in a mutually defined and agreed to border line, in its entirety, between the two countries. Further, the commission has initialled the text of the Treaty which has been submitted to both governments for review and approval.

FEDERATION ISSUES

12. **Special Relations Agreement between Croatia and Federation of Bosnia and Herzegovina:** Federation Parliamentary approval of the Special Relations Agreement was completed on 7 May, 1999 when the House of Peoples adopted this Agreement. Significant progress has been achieved on the development of the Annexes by both parties. Two of the Annexes have been signed by both parties, while many of the remaining proposed Annexes have been exchanged and are in the process of negotiation nearing completion.

13. The main issue to emerge in the Federation in recent weeks has been corruption. The "third entity" discussion disappeared from the agenda, although the distribution of leaflets in Mostar immediately after the start of air strikes against the FRY is a sign that this debate could resurface at any time. Nevertheless, the Croat member of the Presidency, Ante Jelavic, clearly wishes to use his chairmanship to demonstrate that he represents the entire Bosnian Croat people, and is doing his best to demonstrate moderate behaviour. I hope this approach may turn out to be a useful means of stabilising the Federation in the months to come. On 20 June, Jelavic attended an auction in Mostar to raise funds for the defence of Croat indictees in the Hague, however, which suggests that his moderate tendencies are only surface-deep.

14. The functioning of the Federation institutions continues to be a matter of concern. The obstructive behaviour of Bosnian Croat hard-liners in the Federation House of Peoples halted the work of the Parliament for almost a month.

15. The impact of the acceleration of anti-fraud activities has been another important issue on which I have taken decisive action, including the dismissal of the Tuzla Canton Minister of Interior for failure to act. My office continues to focus on organised crime and would welcome additional secondments to the Anti-Fraud Unit.

16. The implementation of the Federation Property Laws continues to be a slow and difficult task, absorbing the greatest part of international field resources. The administrative bodies responsible for resolving property claims are still subject to political pressures, often refusing to issue decisions or order the eviction of the current occupants of claimed housing. Resolution of double occupancy cases is occurring only in small numbers, following the establishment of double occupancy committees, involving both international organizations and local housing authorities, in many parts of the Federation. There is little indication, outside Sarajevo Canton, that the legal and administrative mechanisms for return can function without heavy international pressure.

17. Creating conditions for sustainable returns continues to be a major challenge, requiring considerable effort and resources. For returnees, issuance of ID Cards and access to health facilities, education, electricity, water, pensions and employment opportunities are of paramount importance. Municipal authorities take little or no responsibility for providing basic services to returnees, particularly in Croat municipalities in Herzegovina.

18. High level non-implementation in the mixed Cantons continues to be a serious concern. In particular, the problem of who should fill the positions in the Ministry of Interior in Canton 6 has not yet been solved. Within the SDA in Central Bosnia, the former Mayor of Bugojno, Dzevad Mlaco, is attempting to strengthen his position and steer the Bosniaks on an obstructionist course. I have warned the SDA leadership that I intend to take strong action if Mr Mlaco, whom I had to suspend from office in February, continues to exert political influence in Central Bosnia.

19. The situation in **Mostar** has not seen any significant improvement, due to obstruction on both sides. Since early April Phase I returns (to empty and damaged private property) and assessment visits involving both Bosniaks and Serbs have gathered pace. Croats still show a marked reluctance to return. Despite the continuing successes of Phase I returns, donor support is lagging behind the pace of returns. Emphasis has been placed on immediate support for returns with political significance, but many other returnees are still waiting for funding support - some for over 8 months, which endangers the sustainability of these returns. A key area of effort has been on resolving double-occupancy, which is particularly bad in the Mostar area, and endemic in West

Mostar, and is the major block to the returns process. Political pressure on the East Mostar authorities has resulted in progress, albeit it slow, in resolving reconstruction-related double-occupancy. While the legal framework to resolve double-occupancy is now in place, political obstruction and ineffective Municipal Housing offices make this issue a particularly difficult one to resolve.

20. The negotiations on the integration of Zepce into Canton 4 continued but were not completed, mainly because of Bosniak objections. A solution could lead to a major breakthrough in overcoming the problem of parallel institutions, and could mark the beginning of an organised and phased elimination of remaining war-time "Herzeg-Bosna" structures. President Izetbegovic has supported the objections of local party officials, leaving the impression that the SDA has no real interest in making the Federation operational.

21. As a further step towards establishing a democratic society, my office took a firm stand against the Mayor of Zenica, who attempted to intimidate the press by targeting journalists who had published information on double occupancy cases in the town.

REPUBLIKA SRPSKA ISSUES

22. Although the NATO campaign against the FRY provoked a strong and unanimous negative reaction among RS politicians and much of the population, it did not destabilise the Republika Srpska. In all, RS politicians and citizens showed maturity by ensuring that BiH did not become drawn into the conflict. Until the situation in the FRY had been clarified, all parties – except President Poplasen's Radical party – honoured the agreement to maintain the status quo. This allowed Dodik's government, which has been acting in a caretaker capacity since September 1998, to continue normal business with full powers. It remained engaged in the process of Dayton implementation, and – with IC assistance – started to mitigate the economic impact of the crisis in the FRY (before the crisis, 75% of Republika Srpska exports were to the FRY). Events in the FRY did serious damage to the economic and social situation in the RS. I therefore welcome the fact that the US and the EU are willing to provide rapid support to the RS.

23. Nikola Poplasen, whom I removed from the RS Presidency in March, became increasingly isolated on the RS political scene. I therefore refrained from taking any action against him. As Vice-President Sarovic remained reluctant to take over the office of President unless Poplasen resigned of his own accord, the position of president remained vacant. In the absence of a president capable of nominating a new Prime Minister, Dodik's government will stay in power until a compromise can be reached.

24. Resistance to the Final Arbitration for Brcko continues to be one of the main issues of RS politics. However, the Arbitrator is continuing his work on the Annex to the Award of March. My office has participated in his efforts to find a feasible and politically acceptable solution.

25. In accordance with my authority under Annex 10 of the General Framework Agreement for Peace and Section XI of the Bonn Conclusions, on 25 June I issued a decision to speed up the legislative process in the Republika Srpska. The Entity Constitution does not provide for the promulgation of laws adopted by the RS Assembly when there is a vacuum in the RS Presidency. Therefore I decided that, during the vacuum, the signature of the RS President shall not be required for the publication of adopted laws in the Official Gazette of the RS.

26. The Entity Constitution does not provide for the publication of laws adopted by the RS National Assembly when there is no RS President. Therefore, I decided that at this time the signature of the RS President shall not be required for the publication of the adopted laws in the Official Gazette of the RS.

27. Despite the effect of the NATO bombing campaign in Yugoslavia, and concerns about the security of returnees in the RS, the return process to the RS continued. There was a small but significant number of returns to the Eastern RS.

BRCKO

28. There were few minority returns to the Brcko area of supervision during the reporting period. The reasons for this included the reduced availability of unoccupied houses suitable for reconstruction, uncertainty surrounding the implementation of the Brcko Arbitral Tribunal's Final Award, and tension caused by events in the FRY. By the end of June, however, OHR-North had detected some enthusiasm from members of all ethnic groups for return to homes of origin in the pre-war Brcko Opstina. Bosniaks were able to clean destroyed houses and begin reconstruction in Dizdarusa and Rijeka, two neighbourhoods in the suburbs of Brcko town. Despite prior negative reactions on the part of Serb Displaced Persons to house-cleaning activities in those neighbourhoods in previous years, the Bosniaks engaged in house-cleaning and reconstruction were for the most part unhindered.

29. The security situation in Brcko has remained calm. Although some Serb political parties sponsored local rallies and protests related both to the NATO air strikes in Yugoslavia and to the Final Award, these gatherings remained non-violent and petered out even before the cessation of the NATO air strikes. The multi-ethnic Police has continued to co-operate with IPTF and to function reasonably effectively despite frequent delays in the payment of salaries to its officers and staff.

30. In April, the Municipal Assembly elected Sinisa Kisic (SPRS) to the position of Mayor. Executive Board sessions were less confrontational and more productive than at any other time since the multi-ethnic Administration's inception.

LEGAL ISSUES

31. **Immigration and Asylum Law**: The draft BiH Law on Immigration and Asylum was resubmitted to the BiH Ministry of Civil Affairs and Communications on 10 April, 1999, after revisions based on comments by the Venice Commission. My Office is currently involved in establishing a consolidated text for adoption by the BiH Council of Ministers and passage by the BiH Parliamentary Assembly.

32. **Commission on Inter-Entity Legal Co-operation**: In a letter of 14 April, I requested that the BiH Presidency and the competent Entity authorities should re-appoint the members of the Commission, whose work was suspended during last September's elections, and take steps to facilitate its development into an effective mechanism for Inter-Entity Legal Co-operation, as recommended in the Madrid PIC document. So far, only the Federation has responded: further efforts will clearly be needed in order to restart the work of this vital organisation.

33. **Amnesty Law**: At its session on 23 December, 1999, the National Assembly of Republika Srpska passed a Law on Amendments to the 1996 Law on Amnesty, bringing it into line with the Federation Law on Amnesty, which complies with the Peace Agreement. However, the amendment was vetoed by the then-President of Republika Srpska Nikola Poplasen, and, according to the provisions of the RS Constitution, must be passed once again by the National Assembly before it can enter into force. I expect this to take place at the next Assembly session, which is scheduled for mid-July.

34. **Citizenship**: Despite the fact that experts from the Federation of Bosnia and Herzegovina, OHR, the Council of Europe and UNHCR held their last meeting over a year ago, the procedure for adopting the Law on Citizenship of the Federation of BiH has still not begun in the Federation. The matter is urgent since former SFRY citizens who have resided in BiH since 1997 will be eligible for BiH citizenship by 1 January, 2000. Unless the Law has been adopted by the end of this year, it will not be possible to process applications for citizenship from such persons. The same applies in the Republika Srpska, where adoption of the citizenship law has been delayed because of the recent political situation. The law is now on the agenda for the next session of the National Assembly.

35. **Environmental Law**: I have already initiated co-operation between the Entities on water issues by inaugurating the Inter-Entity Water Commission, which has enjoyed a year of success. I am now

determined to reduce the current rigid, ineffectual structure of the Federation water regime. In the Federation, the water law, policy and management do not provide an adequate basis for the prevention of pollution and shortages. One of my main short term targets is the creation of a Federation Ministry of Natural Resources, which will combine environment, water resources, and forestry. Currently the responsibility for these areas is divided between two different Ministries. The critical nature of natural resources and their impact on social and economic development demands unified and definitive change in order to bring Federation environmental legislation into line with the principles of international law and European Union standards. I continue to count on the support of the international community as my Office works to achieve concrete steps in this key area.

36. **Electoral Law Reform**: We are now rapidly moving towards the point where a first consolidated version of the permanent Election Law for Bosnia and Herzegovina can be distributed. Since my last Report, the drafting committee, together with my Office, the OSCE and the international advisory team, has produced a great deal of work. This means that it will be possible to present the draft law to the International Community by the end of July. Beyond the principles deriving from the GFAP itself, the objectives have been to make mono-ethnic parties marginally dependent on voters from ethnic groups other than their own, to reduce the influence of extreme nationalist parties, and to make Members of Parliament more directly accountable to their electorate. It will be a significant achievement for Bosnia and Herzegovina when general elections can be conducted according to the country's own legislation.

37. **Labour Law**: I have expressed concern regarding the delayed adoption of the new Labour Law in the Federation. All obstacles to its adoption by the Parliament should be overcome in the near future. In order to ensure freedom of movement of persons throughout the territory of Bosnia and Herzegovina and guarantee the country's compliance with its International Labour Law obligations, my Office will, in close collaboration with ILO, submit to the competent authorities draft Labour regulations at the State level.

38. **Narcotics Legislation**: In close collaboration with UNDCP, my Office will submit to the competent authorities draft legislation with regard to the implementation of the three UN Drugs Conventions.

39. **Local Self Government**: The Law on Changes and Amendments to the Law on Bases of Local Self-government was tabled in the Federation House of Representatives. The amendments will improve the position of cities and municipalities in the Federation, and harmonise Federal legislation with the European Charter on Local self-government. The Sarajevo Canton has still not adopted a Law on the City of Sarajevo, which means that the capital city of the State of BiH and of the Federation still does not exist as a City under the Constitution of the Federation, as it should according to the Sarajevo Protocol. My Office is trying to speed up the adoption of this Law.

40. **The Constitutional Court of Bosnia and Herzegovina**: At its session held on 25 and 26 February, 1999, the Constitutional Court decided that it was not competent to examine appeals against decisions of the BiH Human Rights Chamber. At its last session, held on 7 and 8 June, 1999, the Court continued its consideration of a case concerning the conformity of Entity's Constitutions with the Constitution of BiH. It also rendered a decision by which it declared the decrees promulgating the Treaties on customs co-operation and economic co-operation between the Federation of BiH and Croatia to be unconstitutional and void on the grounds that the constitutional procedure for ratification of treaties had not been respected. The next session is to be held on 13 and 14 August, 1999. The financial situation of the Court has not improved since my last Report. The State did not meet its obligation to secure sufficient payments to the Constitutional Court from its budget. The Constitutional Court still has to rely on the support of my Office and the PHARE programme of the European Union. Furthermore, the voluntary fund of international donors, aimed at supplementing the Court's budget as provided by the Madrid Declaration, has not received sufficient support. Germany decided to make a donation on 28 May; France and Sweden promised to follow suit.

41. **Privatization.** All necessary laws for the implementation of the privatisation process are adopted. This is a good legal basis for the beginning of the process, although laws on restitution as to real estate, which are also essential to the process, remain under discussion.

HUMAN RIGHTS AND THE RULE OF LAW

42. **General:** Attacks on minority returnees following the commencement of the NATO air strikes have declined, and the international community has resumed most of its activities in the Republika Srpska, with the exception of the municipalities of Foca and Trebinje. Return assessment visits are ongoing, although they decreased at the end of April and during part of May. Although there have continued to be successful returns in both Entities, return-related incidents, including house explosions, house stoning and arson, have been registered in a number of areas across the country. In Kotor Varos in the Republika Srpska, a municipal resolution opposing the return of Bosniaks was passed. The majority of incidents have involved damage to property, rather than personal injuries. Following the review by the UN IPTF of the police force in Stolac, which I mentioned in my last report, the investigators concluded that there was an absence of a professional and joint police force in Stolac and that there was still no integration of the Cantonal institutions. The UN IPTF Commissioner issued a 100 Day Agenda for action intended to integrate the police force and introduce a greater degree of professionalism.

43. **Rule of Law and Judicial Reform:** Since my last report, working groups composed of judges and prosecutors in both Entities have continued their work on drafting laws designed to establish an independent judiciary. The Peace Implementation Council in Madrid mandated the creation of these laws by 30 June, 1999. I am pleased to report that the Federation working group, with the assistance of my Office, has finalised a draft law on the independent selection of judges and prosecutors, which includes provisions for adequate salaries along with standards and procedures for dismissal. The draft law has been reviewed by the Council of Europe and has been submitted to the Government for introduction to Parliament.

44. In the Republika Srpska, a similar working group is currently finalising its judicial and prosecutorial selection laws, which address the same areas covered by the Federation law. These draft laws represent significant progress in the creation of an independent and impartial judiciary. My Office will continue its efforts towards the passage of these laws and will closely monitor their implementation.

45. I am also pleased to announce that the Association of Judges and Prosecutors in the Republika Srpska, the Association of Judges of the Federation and the Association of Prosecutors of the Federation have jointly adopted a common Code of Ethics. In addition, the comprehensive judicial reform strategy called for in the Madrid Document will be completed in July and will be the "road map" for the international community's future efforts in judicial reform.

46. With regard to the investigation and prosecution of serious crime in the Federation, including terrorism and organised crime, legislation has been introduced in Parliament which will enhance the authority of the Federation prosecutor in prosecuting Federation level crimes and also, in appropriate cases, in directing and taking charge of prosecutions in Cantonal courts. The legislation also creates first instance jurisdiction at the Federation level for trials of Federation-level crimes. Similar efforts to enhance the independence and responsibility of the Entity level prosecutor are underway in Republika Srpska and will be included in the Phase I revisions to the RS Criminal Code and Code of Criminal Procedure, which will be completed in September.

47. Training programmes for prosecutors and judges will continue as a means of expanding developments in the area of judicial and legal reform. My Office has co-ordinated the activities of several of the implementing agencies involved in judicial reform in relation to this task. The Council of Europe continues to focus on training legal students and professionals in matters relating to the European Convention on Human Rights. OSCE has begun sponsoring training for prosecutors and police in relation to complex investigations in co-ordination with ABA/CEELI and the Anti-Corruption Unit in my Office. Similar programmes which were previously initiated in Republika Srpska are currently being re-scheduled and will resume in the near future.

48. **War Crimes Trials in Domestic Courts:** In May, the Republika Srpska Supreme Court ordered a retrial in the 'Zvornik 7' case before the Bijeljina District Court. Following the Republika Srpska Supreme Court decision, the Republika Srpska authorised the release of the three remaining Zvornik prisoners pending their retrial. My office is working with the Republika Sprska authorities to achieve a more permanent and legally satisfactory solution to this case.

49. Following an appeal hearing in May, the Federation Supreme Court ordered a retrial in the case of Ibrahim Djedovic in a decision which identified a number of violations of international human rights standards. The Supreme Court's decision specifically ordered that these violations be rectified in the retrial. Mr. Djedovic was arrested in May, 1997 and in October, 1998. The Cantonal High Court in Sarajevo found him guilty on charges of war crimes against civilians and sentenced him to 10 years imprisonment. A date for his retrial has been set for mid-July.

50. **Co-operation with the ICTY:** On 7 June, SFOR troops detained Dragan Kulundzija, a Bosnian Serb indicted by the ICTY on charges of violations of the Geneva Conventions and crimes of humanity, transferring him to the Hague. According to the ICTY indictment, Kulundzija was a shift commander in the Keraterm prison camp near Prijedor during the conflict. This was the first detention carried out by SFOR troops since the beginning of NATO air strikes in March.

51. **Missing Persons and Exhumations:** The Joint Exhumation Process, which is co-ordinated by my Office, recommenced after the winter break. Good co-operation between the three parties continues. The RS authorities continued to allow full access to grave sites, and to provide full security throughout the RS during the crisis in Yugoslavia. Some 500 bodies have been exhumed so far this year.

52. **Human Rights Institutions:** Since my last report, improvements have been made in the implementation of the decisions of the Human Rights Chamber, recommendations of the Ombudsperson and decisions of the CRPC. Notably, an agreement has been reached with respect to military apartments. In these cases, individuals who had purchased their apartments before the war had their contracts annulled by legislation without any form of compensation. Following hundreds of Chamber and Ombudsperson decisions, the Federation of Bosnia and Herzegovina and my Office have agreed to legislative changes in the Federation to eliminate the associated human rights violations. Once the legislation has been adopted and is applied, the percentage of cases of the Human Rights Chamber complied with by the respondent parties will rise from approximately 10% to over 85%.

53. The impartial and rigorous criminal investigation demanded by the Security Council and the Ombudsperson of Bosnia and Herzegovina into the events surrounding the Mostar incident of 10 February, 1997 has finally taken place. The investigation was carried out by local police officers under the supervision of UN IPTF and the report of the investigation has been transferred to the local prosecutor for action.

54. Difficulties are anticipated, however, in the implementation of the Institutions' recent decisions which require the eviction of current occupants of previously abandoned accommodation. In three of the eight Chamber decisions requiring the payment of compensation from the Federation, relatively large amounts of compensation have been paid. Orders for payment have been given by the Prime Minister to the Minister of Finance in the remaining cases. I am deeply concerned, however, that the Republika Srpska has not yet paid compensation in the three cases in which payment has been required. In addition, the Republika Srpska has not complied with the order of the Human Rights Chamber to provide all available information on the Father Matanovic case involving the disappearance of a priest and his family near the end of the war. In addition, the Republika Srpska has until 11 September, 1999, to comply with the *Islamic Community* case of the Human Rights Chamber in which it must allow for the construction of enclosures and issue permits for the building of mosques in the Republika Sprska.

55. I remain concerned with the lack of State funding for the Annex 6 and 7 Institutions. Requests for an increase in funding have not yet been accepted by the State; I hope that an increase will be seen

by the latter half of 1999. Continuing improvement in the co-operation between the government representatives (agents) to the Human Rights Institutions has been seen since the last reporting period, although funding by the Republika Srpska for the office of its representative has been lacking.

56. Legislation implementing the decisions of the CRPC has been drafted, and it is hoped that adoption will occur prior to the next report to the Security Council.

57. **Property**: During this period, I took a number of Decisions amending the property laws in both Entities, to strengthen the legal framework for return. These Decisions included the cancellation of new permanent occupancy rights which had been granted during and since the war to apartments belonging to refugees and displaced persons, as well as stricter rules on multiple occupancy and the right to alternative accommodation. These Decisions have been accepted by the Entity Governments and are being implemented in the field. I expect the Entity Governments, particularly in the Republika Srpska, to continue to strengthen the legal and administrative framework for return, and my Office may intervene further if required.

58. Implementation of the laws is improving in most parts of the Federation, and the rate of evictions of current occupants of property belonging to refugees and displaced persons is now higher than ever before. In Republika Srpska, the implementation of the claims process started three months late, and I was therefore obliged to extend the deadline for claiming socially owned apartments for six months. I expect the Republika Srpska Government to devote considerably more resources to processing return claims over the summer of 1999.

59. **Education**: I am cautiously optimistic that the implementation of the first phase of the textbook revision, which will remove all objectionable material from the textbooks, will be completed before the beginning of the 1999/2000 school year. This process has been delayed by the authorities for one full year and the first phase revision should be considered an interim stage in the process to produce textbooks which meet accepted European standards. Implementation of the textbook revision is a condition for accession of Bosnia and Herzegovina to Council of Europe membership, together with substantial progress in the reform of education overall.

60. My office continues to support the work of UNESCO, the Council of Europe, the World Bank, the European Union and others in their ongoing efforts to reform the education system at all levels through programmes addressing curricular reform, educational standards, governance and financing issues, capacity building in higher education, teacher training in human rights and citizenship education, political leadership, public administration and business law education.

61. **Civil Society**: In March, the draft Law on Associations and Foundations was forwarded to the Council of Europe to assess whether the draft Law's provisions are in conformity with respective international human rights standards. Upon receipt of the response from the Council of Europe, negotiations with authorities towards the rapid adoption of this legislation will commence. A conference entitled "Non-governmental Organisations as Vehicles for Social and Political Change" was held in Sarajevo in April, with the participation of over sixty Non Governmental Organizations (NGOs) from across the country. Following up the considerations given in the Madrid Declaration, the event was designed to support domestic NGOs with designing their own strategies for assuming more vigilant and responsible roles in BiH society. Notably, the conclusions called for appropriate NGO legislation, increased media access for NGOs, democratic structures within NGOs, a more significant role of NGOs in raising civic awareness and identifying society's problems, and for a greater involvement in decision-making, including participation in the process of creating the Permanent Election Law (PEL). Regarding the Election Law, NGOs insisted that they should have a role as domestic election monitors, including during the pre-election campaign.

ECONOMIC REFORM AND RECONSTRUCTION

62. **Impact of NATO strikes on the RS**: The RS government estimates that approximately 30,000 jobs have been put at risk, principally by the disruption of RS exports to the FRY, its key trading

partner before the crisis. Production will not return to former levels for the foreseeable future. This decline in production and trade affects public revenues and social services. My Office has been seeking budgetary support from the International Community. Direct and quick budgetary support (from the United States government in particular, and also from Denmark) has minimized the effect of the strikes on the overall political and social situation. Additional assistance from the European Union is planned. Nevertheless, the major external market for the RS has suffered severe damage. The effect of this will be difficult to overcome in the short term.

63. **Fifth Donors' Conference**: My Office was extensively involved in the preparations for the Fifth Donors' Conference which was held in Brussels on 20-21 May, 1999. Some 45 countries and 20 organisations (including the World Bank, the European Commission and the IMF) pledged US $1.052 billion and met the target of $5.1 billion, under the Priority Reconstruction Programme. This year's pledge surpassed both the need and expectation by $50 million and confirmed that donor fatigue has not yet set in. Any current optimism should be cautious, however: BiH officials at the conference were warned that "compassion fatigue" may not be far off, particularly in view of events in Kosovo. The funding requirement of $1 billion excluded the cost of the impact of Kosovo, now estimated to be $90 million, for both Entities. This still leaves a funding gap of about $50 million.

64. The main themes of the conference reinforce my message about the way ahead: a modern and democratic society; responsible conduct by the politicians; greater focus on economic reform; the clear need for the rule of law and human rights; and the right of Displaced Persons and Refugees to return home.

65. Priorities include: Community and social services in support of refugee return (housing, water, waste management, heating, health, education and land mine management); institutional and policy reforms to support private sector development; targeted economic initiatives (credit lines to small and medium-sized enterprises and agriculture); employment programmes; and provision of fiscal support for recurrent expenditures, including social assistance.

66. **Reconstruction**: Repair work on the bridges between Croatia and Bosnia and Herzegovina continued in Dubica, Brod and Gradiska, while de-mining and preliminary work was carried out at Kostajnica, Jasenovac and Samac. My Office has been instrumental in securing the temporary opening of a new border crossing point at Novi, to alleviate traffic congestion and ease the passage of people and goods between Croatia and Bosnia and Herzegovina. In collaboration with Croatia, the RS Army will install a temporary pontoon bridge at Gradiska this summer, and I have supported this initiative. The situation in Yugoslavia delayed the contract for the repair of the Brcko bridge, which is due to be signed with a Yugoslav company.

67. The reconstruction of other bridges of national importance, such as the Karuse bridge between the two entities near Doboj, and the Aleksin Han bridge between Mostar and Jablanica continued. Preliminary works continued on the old bridge at Mostar.

68. **Reform of Public Utilities and Implementation of Annex 9**: In the energy sector, the Norwegian Government provided a grant of DM 250,000 to finance the preparation of the State and Entity Electricity Laws. Norwegian consultants started preparatory work in June. All indications are that the deadline for the adoption of the State Electricity Law (30 June, 1999) will be missed. The US Trade and Development Agency has signed two Grant Agreements with the Ministry of Energy, Mining and Industry of the Federation, to finance feasibility studies for the Konjic Power Plant and for the Mid Bosnia and Tuzla coal mines. Activities relating to a Joint Power Co-ordination Centre are continuing towards the fulfilment of Stages II and III of the Agreement with the World Bank. Teshmont Consultants Inc. commenced a feasibility study to determine the optimal configuration of the BiH State Transmission Grid. The purpose of this study is to identify the transmission system's remaining reconstruction priorities. The study will provide he basis for the development and implementation of the SCADA system, and an integrated communication system.

69. **Transport**: The transport sector is the first area where Public Corporations under Annex 9 of the GFAP were established, (the Transportation Corporation and the Public Railways Corporation

(BHZJK)). Only the Public Railways Corporation is operational, but it is still unregistered, because of the absence of appropriate legislation. The next meeting of the Commission on Public Corporations, which is to be held on 8 July, 1999(after several postponements caused by various political events), will examine any potential problems with these Corporations (including the activation of the Transportation Corporation).

70. **Railways**: The Federation Forum has clarified the situation, and the draft law on the Federation BiH Railways was adopted by the Federation Government on 17 June 1999. However, Article 1 of that law has not yet been finalised by the Federation Ministry of Transport and Communications. The question of whether or not the law will allow the creation of a second railway operator company in Mostar, in addition to the Federation Railway Company, remains unresolved. The second operator would have the dual role of rail infrastructure manager and of railway operator. My Office is now examining this sensitive matter. A decision is expected shortly so that the draft law can be submitted to the Federation Parliament.

71. **Telecommunications**: On 18 February, 1999, the Council of Ministers made the first appointments (three full-time members and two of the three part-time members) to the Management Board of the Telecommunications Regulatory Agency. However, of these appointments, one full-time Member is unable to take up his position in the near future, and the two appointed part-time members have direct links with the operator, which makes them ineligible. My office is working with the relevant authorities to rectify the situation and ensure the proper functioning of the Telecommunications Agency as soon as possible. The numbering system for Bosnia and Herzegovina was agreed at the technical level at a meeting in Bern on 30 April. My office will encourage the early adoption of this numbering plan by the Bosnia and Herzegovina authorities so that implementation can be completed by the end of the year.

72. **Post**: Post between the entities continues to be uninterrupted. A draft of a new State-level Postal Law has been completed. It was discussed in April, 1999, by all parties, at the headquarters of the Universal Postal Union in Bern. The next meeting will be held in July 1999, when it is hoped that agreement will be reached on the most essential points of the law. However, at present, parties disagree over how the postal sector should be organised. Discussions with various parties to identify funds for the much-needed reconstruction of this sector are still ongoing. On 14 June 1999, my Office organised and hosted a Workshop on Postal Banking in Sarajevo. The workshop was attended by approximately 40 representatives of various areas of the postal and banking system in BiH.

73. **Macro-Economic Reform and Transition**: As in the past, and in keeping with Madrid Declaration (December 1998), the Economic Task Force (ETF) continues to provide guidance to the donor community on economic assistance, including conditions for aid. ETF members reviewed and approved the conditions for the 1999 donors' conference, for example. These included: satisfactory progress on minority returns; implementation of the property laws; full implementation of the BiH Customs Law and extra customs duties according to the decision by the Council of Ministers; a plan by the entities for the liquidation and reform of the payment bureaux; greater progress in the privatisation process (specifically the full functioning of all Privatisation Agencies, and harmonization of the entity laws with the Framework Law, as well as the enforcement of its provisions); and funding of public television by passing respective legislation, which is the responsibility of the Entities.

74. **Konvertibina Marka (KM)**: On 21 June, the Central Bank of Bosnia and Herzegovina (CBBH) celebrated the anniversary of the KM. At a press conference, Governor Peter Nicholl thanked the local authorities, the International Community and my Office in particular for their support. Despite numerous difficulties, including popular misgivings about the currency, the KM has increasingly won confidence. The CBBH balance sheet has grown to KM 340 million in May 1999 from KM 150 million a year ago - an increase of 127 per cent. Ernst & Young recently audited the accounts of CBBH, giving them a sound score. In the Republika Srpska, the KM is used for approximately 70 per cent of government payments and revenues. Increased use of the KM has expanded internal trade and bolstered economic activities. Pegged to the Deutsche Mark, the KM has a fixed exchange rate with the EURO. The recent trading in Austria, Switzerland and

Germany and indications that the KM will soon be available for transactions in Hungary and Croatia, is all good news. The CBBH's goals for the year ahead are to introduce KM 1 and 2 coins; to ensure that the DM, Kuna and Dinar eventually disappear from the payment system; to reform and integrate the payment system; and to maintain the stability of the currency board.

75. **State Budget**: The Entities paid their contributions to the State Budget from January to April, 1999, but have not yet paid their contributions for May and June. My Office presented the State Treasury Project (which the International Monetary Fund had prepared) to the Council of Ministers. As a result, the Council of Ministers appointed a commission to work on the project's implementation. The donor community has been informed about the project, but we are still to receive any positive response. The Madrid Document deadline for the creation of the State Treasury (the end of June) was not met.

76. **Reform of Payment Bureaux**: On 3 June, 1999, the Federation adopted a series of amendments to the Law on the Internal Payment System. When Parliament adopts it, the amended law will abolish the monopoly position of the Payment Bureaux over domestic payment transactions, and provide a legal basis for a governing board that will guarantee transparency in the transformation process. In the Republika Srpska, a similar governing board will soon be established by a governmental decree. Overall, good progress has been made in the reform of the payment system and the preparations for eliminating the Payment Bureaux by December 2000, the deadline concluded in Madrid. A team of experts has developed a strategic plan for the transfer of the Payment Bureaux's functions to the appropriate governmental institutions and commercial banks. Donors have begun to provide technical assistance to these institutions in several areas to prepare them for their new functions and to ensure that the transformation will proceed smoothly. A programme to spread public awareness of the timetable for the Payment Bureaux's elimination is to start soon. My Office will continue to monitor progress of this important initiative. A broad range of international organisations is carrying out the reform agenda, united in the International Advisory Group and chaired by USAID.

77. **Customs and Trade**: Since 15 May, 1999, the customs policy of Bosnia and Herzegovina has been uniformly applied throughout the country. Following a decision by the Council of Ministers on 22 April, 1999, both Entities have ceased to apply preferential customs treatment to imports from Croatia to the Federation, and from Yugoslavia to the Republika Srpska. Before, in spite of the customs laws, imports from these countries were treated as domestic production, and charged a 1 per cent administrative fee instead of customs duties. The cessation of this practice, achieved only after constant pressure from my Office, represents significant progress towards the normalisation of the Bosnia and Herzegovina economy and the creation of a single economic space. Moreover, as a result of this decision, customs revenues are expected to increase. To further promote the creation of a single economic space, my Office is continuing its efforts to harmonise tax systems between the Entities, and to bring the commercial environment in line with EU standards. A major step forward was the Agreement on the harmonisation of excise tax rates, signed by the Entities on 8 June, 1999.

78. **Privatisation**: At the request of the privatisation authorities and the Governments of both Entities, as well as the international organisations involved in the privatisation process, my Office issued the paper "Eligibility to Vouchers". This paper defines the eligibility of citizens for different categories of voucher, considering the differences in the Entity laws, and ensures that basic rights embodied in the State Framework Law on Privatisation of Enterprises and Banks are respected.

79. There are four categories of citizens' claim in the privatisation process: unpaid soldier claims in the Federation; general claims; frozen exchange accounts; and claims for unpaid pensions. Unjustified, politically motivated claims had inflated the total nominal amount of frozen accounts claims to some KM 9 billion and delayed the privatisation process. With the intervention of my Office, this amount was reduced to KM 7.7 billion by April, 1999. This removed a major obstacle for the commencement of privatisation.

80. During the period under review, small-scale privatisation started in the Federation. My Office, with technical advice from the independent Privatisation Monitoring Commission, is ensuring that the process will proceed in an efficient and non-discriminatory manner.

81. **Anti-Fraud and Corruption:** The fight against corruption remains a major challenge in Bosnia and Herzegovina. My office is working vigorously to implement the comprehensive Anti-Corruption Strategy for Bosnia and Herzegovina which was approved by the Steering Board in March. We are assisting police and prosecutors in dozens of major corruption and economic crime cases throughout the country, involving hundreds of millions of dollars in lost public revenues. My Office also drafted a new Witness Protection Law, which is badly needed as so many criminal cases cannot be tried merely because witnesses have been threatened and intimidated and are afraid to testify. In early June 1999, a major co-ordination meeting was held by my Office to report on progress to date and to co-ordinate future efforts. All of the international organisations engaged in strategy implementation attended. We could not hold the National Conference on Corruption and Transparency in April, 1999, as scheduled, because of security concerns about Nato's actions in the FRY. Nevertheless, my Office has begun a major campaign to raise public awareness of the costs and effects of corruption in relation to people's lives and to society, and to increase intolerance for abuse of public office. (The National Conference will now be held in September.)

82. **Statistics:** My Office has always attached considerable significance to adequate and reliable statistical data about the country. As mentioned in my last quarterly report, the BiH Statistics Institute (BiHAS) is operational and published the first Statistical Bulletin in March 1999. The Institute's work is progressing on many fronts, including legislative matters. Surveys of households and the labour force are also being planned. Donors have pledged to assist the State Agency and the Entities' statistical institutes with training and equipment to harmonise methodology and consolidate co-operation among the institutes.

83. **Agriculture:** My Office is actively seeking international assistance and co-operation to support subsistence agriculture. This will be an essential source of income and employment for a large part of population in the short-term. Efforts to support and co-ordinate rural development planning have also been undertaken. The emphasis is on training and planning at the municipal level. Finally, my Office is co-ordinating the efforts of the international community towards land registration related issues.

RETURNS

84. The number of registered minority returns between January and April, according to UNHCR figures, is 3,502, up from 3,060 during the same period in 1998. Despite the effect of the crisis in the Federal Republic of Yugoslavia, both returns and assessment visits have continued apace.

85. Spontaneous and organized returns have continued to take place, including to areas where return was not considered possible just a year ago. For example, the first Serb returns to Ravno took place in May and the first Bosniak returns to Eastern Herzegovina (Republika Srpska) in June. Furthermore, some 455 spontaneous returns have taken place to seven villages in the Prijedor area over recent weeks. While some funding has been secured to support these returns, they indicate the continued need for donor flexibility and the redirection of resources to support returns when and where they take place.

86. Since my last Report, I have established a field presence in Sokolac and my Office has stepped up its dialogue with the local authorities and displaced persons in Foca, Visegrad, Pale, Han-Pijesak and other nearby municipalities, all of which are areas of potential Bosniak return. In most of these areas a tangible commitment has been given by municipal assemblies to enable minority return. In addition a number of reconstruction projects are now underway and I am quietly optimistic about the opportunities there if the international community maintains a steady commitment. In Sarajevo, months of pressure from RRTF members to promote the rule of law is now resulting in an accelerated pace of reinstatement of minorities into their homes, with OSCE and UNMIBH playing a key role in training and advising UN IPTF, local police and authorities on their legal role in the evictions process.

87. Property issues continue to bedevil return. Wide-spread misuse, re-allocation and sale of socially-owned land that refugees and displaced persons fled during the war has proven a major obstacle to return throughout Bosnia and Herzegovina. In many return areas, municipalities have re-allocated former agricultural land, or have demolished war-damaged housing in order to use the land differently. Former cultural and religious sites and private business premises have also been targeted for strategic reallocation. These practices undermine the livelihood and cultural and religious heritage of refugees and displaced persons, in clear violation of Annex 7 of the Peace Agreement. They also threaten to undermine the processes of restitution and privatization. Against this background, I issued a Decision on 26 May, 1999, removing the power of municipalities to re-allocate or dispose in any way of socially-owned property (other than apartments the use of which is regulated by separate laws), if on 6 April, 1992, it was in use for residential, religious or cultural purposes, or for private agricultural and business activities. Any re-allocation decisions of this nature that were made since 6 April,1992 and affect the rights of refugees and displaced people, are now null and void unless significant and lawful construction work has commenced. My Decision is a temporary measure intended to freeze the situation on the ground while more thorough reform undertaken of the legal framework governing land use and restitution. The suspension will be in effect until 31 December, 1999, but may be extended if the legal situation is not satisfactorily resolved by then. It does not apply to the territory of the District of Brcko.

88. On a regional note, I welcome, since my last report, the resumption of Croatian consular days in Banja Luka and hope for a rapid opening of the permanent General Consulate on the same site with full working hours. But while consular services provide Croatian citizens in BiH with essential access to travel documents, other obstacles remain. Refugees have difficulty repossessing their property; and discriminatory legislation and unequal access to reconstruction assistance in Croatia continue to obstruct return. I have expressed my concerns to the Croatian government about these problems. My Office will monitor this process carefully and is working closely with the Return Facilitation Group in Croatia to promote cross-border return.

MEDIA

89. The Federation RTV Draft Law has now gone through its second review by the Federation Government and has been forwarded in its final form to the Federation Parliament. Considering the extensive negotiations which were concluded at the Federation Forum, and considering that other vital reform measures, such as the regulation of Croatian Radio Television (HRT) by the Independent Media Commission (IMC) and the replacement of RTV BiH are linked to the adoption of this law, any further significant amendments will be viewed as an attempt to obstruct the process, and will not be tolerated. If necessary, I will invoke my powers under Annex 10 to impose the Federation RTV Law.

90. The Working Group of the RTV BiH Board of Governors, tasked to produce a framework plan for the establishment of a country-wide broadcast and transmission service, produced the first draft document in June. This will form the basis for future public and political discussion on the formation of a programme service and a public corporation under Annex 9. The Commission on Public Corporations plans to discuss the issue at its next session.

91. Representatives of the OHR, the Independent Media Commission (IMC) and UNESCO met in Sarajevo to discuss possible UNESCO assistance in developing a clear legal structure for media in BiH. It was jointly decided that a priority for UNESCO involvement could be expert assistance with laws on public service broadcasting. An initiative to develop this proposal has now begun.

92. The recent setback in SRT's news coverage, which was a direct result of the fragile political situation in the RS as well as the events in the FRY, has been overcome for the most part with the inclusion in the news programme of interviews with international community representatives as well as increased coverage of the refugee situation in Kosovo. Although free from direct political control, SRT remains excessively nationalist in its tone. The conditions of its license will require SRT to serve all the citizens of the entity and to meet certain minimum public broadcasting standards.

93. The Independent Media Commission has now been in operation for almost one year. The vast majority of six month provisional licenses for some 269 radio and TV stations have been issued to date. This in keeping with the June deadline for completion of the entire licensing process. The IMC is preparing to set out obligations for all public broadcasters which will require financial transparency, editorial independence and respect for ethnic diversity.

94. The IMC is conducting a comprehensive review of media legislation in consultation with parliamentarians from each entity. Freedom of Information legislation is among the proposals being discussed. My office and the IMC regard Freedom of Information legislation as a high priority that needs to be in place this year in both entities.

95. IMC's Regional Advisory Panels (RAP) established by the monitoring department now engage more than 70 media outlets throughout the country in monthly discussions. As the main point of convergence these provide the IMC with genuine and invaluable feedback from the media community and are undoubtedly an ongoing success story for the IMC.

96. BiH currently contains what must be the densest concentration of radio and television in the world. Over 270 broadcasters are using nearly 750 radio and television transmitters. This can only be described as chaotic which is why the ongoing major task of planning and drafting a nation-wide broadcast allocation plan in consultation with the anticipated new BiH Telecommunications Agency (TRA) is of paramount importance. This in turn will lead to long-range planning for digital broadcast technology.

97. Work towards founding a Press Council is ongoing following agreement on a voluntary press code. Together with the OSCE, IMC recently hosted a conference of journalists from both entities to discuss self-regulation. Further initiatives are planned in this field in consultation with journalists.

98. With the official date for the municipal elections now scheduled for spring 2000, work on the Public Service Information Campaign is being rescheduled accordingly. The delay will allow further in-depth work into the issues of most concern to the voters and enable the planning of a more targeted campaign in the run-up to the elections.

99. The single biggest problem for carrying out media reform as outlined in the Madrid document has been the failure to obtain sufficient funds for the strategic projects presented initially at the mini-donors conference in February and subsequently at the main Donors Conference in May. Very little money has been received this year for public broadcasting, and only 50% of the IMC budget has been obtained. In addition, the OBN remains under-funded by a fifth of its budget. As yet, no money has been received for the training programme essential to sustaining the media reforms we have taken pains to install. As so often has been the case, much of the money already been pledged has not yet been disbursed due the problems of institutional and governmental bureaucracies. Without this funding, media reform will fail.

MILITARY MATTERS

100. **De-mining**: Progress continues to be made in the sphere of demining in Bosnia and Herzegovina. Most commercial demining activities are co-ordinated by the Slovenian Trust Fund, which opened in December 1998, and issued its first payments in March 1999. The fund will be the focus for funding demining and victim assistance in the years ahead. Donors are being encouraged to contribute money through the fund, to draw maximum benefit from the "double your money" mechanism, sponsored by the US Government. The fund's target is to raise $14m by the first week in December 1999. To date there US$3.5m have been credited to the Trust and a further US$8.5m have been pledged by donors.

101. In light of the current financial shortcomings and the longer term uncertainties, on 12 May, the Board of Donors agreed to conduct a detailed review of the Bosnian de-mining infrastructure. The aim is to identify and recommend a modified de-mining infrastructure that optimizes the

expenditure of donor contributions. The review is scheduled to begin on 19 July and should report its findings to the board in August 1999.

102. **SCMM**: Since my last report, the Standing Committee on Military Matters (SCMM) has continued to make little progress. The Croats continue to make the most of every opportunity to slow progress towards common security structures. Following the Steering Board PIC on 15 June, 1999, I instructed the Presidents (on 16 June, 1999) to set up a fully functioning permanent Secretariat by 7 July, 1999. The SCMM Secretariat, which meets only once every two weeks, has decided that the next SCMM meeting on 15 July should be used as a forum to endorse my directive. Thus the deadline of 7 July is unlikely to be met and, in the absence of any preparatory work by the Secretariat (who still rely on my office to prepare and translate their agendas and minutes), I fear that little will be achieved by 15 July. I have made it clear that the International Community places great importance on this matter, and I am applying pressure at the highest levels. However, to achieve results, penalties for non-compliance by any faction must be applied. The details of such penalties need to be agreed, otherwise our conditions will be baseless and the opportunity to apply appropriate pressure will be lost.

103. **Civil Aviation**: The Civil Aviation law has been approved by the BiH Council of Ministers and sent to the Parliamentary Assembly for enactment. A representative of the International Civil Aviation Organisation (ICAO) is in BiH to conduct the project funded by the European Commission which is intended to improve the organisation and competence of the Department of Civil Aviation (DCA). OHR is working closely with this representative to draft necessary operational procedures and regulations. The DCA met with officials from Eurocontrol on 28 June, to discuss the Central European Air Traffic System (CEATS). As a result of the meeting, the DCA has recommended to the Council of Ministers that BiH apply for membership in CEATS to participate in the planning and implementation of this regional air traffic control system which is envisioned to be operational in 2006.

104. The European Bank for Reconstruction and Development (EBRD) loan for certain air navigation aids is continuing. Most technical decisions on the locations and nature of these aids have been made and implementation has begun. Since the air corridors were re-opened on 12 April after being closed on 24 March at the beginning of the conflict in Serbia, scheduled air service has resumed at Sarajevo, Mostar and Banja Luka airports. Commercial service was commenced at Tuzla on 19 June.

105. The deadline for transfer of **Mostar Airport** to the City of Mostar remains 16 September, 1999. A consultant has undertaken a study to determine the financial viability of the airport, as well as to make management and marketing recommendations regarding the airport. Requests for Proposals have been sent to numerous airport management firms soliciting proposals for management of the airport. This solicitation has also been advertised in both local and international publications.

106. No provisions have been concluded for the management of the upper airspace of BiH when over-flights are resumed now that the conflict in the FRY has ended. However, negotiations are underway for contracts to provide such services. Additionally, agreements have been reached with the Croatian air traffic management authority for the division of the over-flight revenues for 1998 and the first quarter of 1999.

Annex 1: Assessment of Developments During My Tenure

Some of us have been accustomed to the problem of reconciling territorial unity with national diversity for centuries. The fundamental reality of the Balkans is that tensions between cultural communities, and more specifically between religious communities, constantly resurface, and radical nationalist parties frequently predominate. Bosnia and Herzegovina is a good example of this.

When I arrived in Sarajevo in the early summer of 1997, my intention was not merely to introduce superficial changes by tackling the minutiae of outstanding small-scale problems. Instead I pledged to identify the structures that underpinned radical nationalism, and to transform those structures into the neutral equivalents that exist in Western-style democracies.

This is not to say that to labour and toil over the multitude of intricate difficulties that arise in a post-war society such as that of BiH is unnecessary. Quite the opposite: resistance to democratization can be seen at all levels of government and administration in BiH. And for that reason, implementation not only had to be top-down, but also bottom-up. Perseverance and patience are of paramount importance in the work of the International Community, but it has always been clear to me that without swift and fundamental reform in key areas, democratization will never succeed.

Three Sectors Critical to the Democratization of BiH

From day one, three crucial areas had to be addressed: the media, the police, and the judiciary. All three play a vital role in generating tolerance, undermining extremism, promoting moderation and upholding the rule of law. I should add to this list State identity, and, last but not least, economic recovery and the creation of a modern market economy. However, it is important to note that this fifth area requires more time and effort than the others.

Media

"If Truth is the first casualty of war, it has been missing in action over the Balkans for years."

Reform of the media was clearly the most urgent task before us in the summer of 1997. In the Balkans, political control of the media is endemic. And there is no need to look back at the BiH of the end of 1995 to see this. One has only to consider recent events in the FRY. From local radio stations to Entity or State-level public television, in 1995 the media in BiH was a propaganda weapon for the extreme nationalist parties that dominated the political scene.

During the International Community's first year in BiH, its strategy was to influence indirectly the information received by the BiH public, by creating internationally-sponsored alternative media. (The Open Broadcasting Network and Radio Fern were

set up.) Both have had a salutary effect on the sector. This was demonstrated by the popular recognition of the OBN news programme as the best in the country. Nevertheless, by the summer of 1997, the time was ripe for more direct action.

The most pressing problem was the inflammatory language of the Serb broadcasting company, SRT. Through SRT, the SDS, dominated by Karadzic and Krajisnik, fueled aggression towards other ethnic groups and towards the International Community. For this reason the International Community and SFOR seized the SRT transmitters in the autumn of 1997. Thanks to subsequent pressure from the International Community, SRT was restructured. International supervision and an independent Board of Directors were introduced.

In August, 1998, I established the Independent Media Commission. This has regulatory and disciplinary powers over the media, including the right to allocate broadcast frequencies. It has enabled the International Community and BiH to educate and democratize the media community and to limit the influence of Croatia over Herzegovina, which had previously been overwhelming.

Finally, I undertook to restructure RTV BiH to clear the way for a Federation TV, a fully multi-ethnic state-level television broadcaster. The Board of Governors and the direction of RTV BiH are now independent, and international supervision has been introduced. The Federation institutions are currently considering the Federation TV law.

Police

The RS paramilitary special police was the most problematic element of the police force in 1997. In order to bring the special police into line with international standards, SFOR took steps to curb its powers in the autumn of 1997.

When the International Community arrived in BiH, the IPTF set out to restructure the police in both the Federation and the RS. There has been substantial progress in the democratization and professionalization of both Entities' police forces. In the autumn of last year, the concept of a State Border Police was introduced. This was later endorsed at the December Madrid PIC Conference. The Border Police law is currently being considered by the common institutions. The creation of a border service will be another major step towards democratic policing in BiH.

Judiciary

The initial work of the International Community in the field of the judiciary was to establish two key Dayton institutions: the Ombudsman and the Human Rights Chamber. The Federation is now very close to full implementation of the Human Rights Chamber decisions and its Agent, which represents the authorities before the Chamber, is very active. The RS has further to go: many decisions still require action. The RS Agent has been established but lacks funding and support. The Venice Commission has recommended the possible merging of the Human Rrights Chamber with the Constitutional Court when the mandate of the Chamber expires in 2000.

At the beginning of 1998, I instigated a full review of the many initiatives the International Community had undertaken in the field of the judiciary. My aims were to focus objectives, establish rational priorities and improve co-ordination. That review indicated that the political nomination and removal of judges and prosecutors caused a fundamental insecurity at the very heart of BiH society: radical reform was urgent. The Luxembourg and Madrid conferences endorsed my strategy for an independent selection of judges and prosecutors based on objective standards.

The comprehensive judicial reform strategy called for at the Madrid Conference is now complete. In both Entities, selection laws, which include provisions for adequate salaries, are being finalized and will be presented to the Governments. Furthermore, the UNMIBH Judicial System Assessment Programme is in full operation. Codes of ethics for judges and prosecutors have been adopted by the corresponding associations. Both the reinforcement of the Federation prosecutor, and the passing of legislation on criminal jurisdiction in the Federation Supreme Court are underway. We are reviving the Inter-Entity Legal Commission.

State Identity.

In the Summer of 1997 there was still no true sense of state identity. As soon as I had been granted my Bonn powers, I brought into force on an interim basis provisional laws regulating the symbols of state. These were laws on the flag, on the deadlines for the uniform licence plate system, on the coat of arms, on the design of the Konvertiblna Marka bank notes, and on the National Anthem. In November 1998, I introduced the concept of a State District. This was accepted by the local authorities, financed by the International Community, and embodied in the building of the BiH institutions at Marijin Dvor.

One of the basic state laws that I have imposed is the Law on Citizenship (January 1998). In August 1998 I created another mechanism to strengthen the BiH State: the Independent Experts Commission. This was to prepare the Permanent Election Law, the final draft of which should be ready by the end of this month. In September, I brought the Law on Telecommunications into force. Finally, in February 1999, I confirmed command of the armed forces by the Presidency.

These measures have given the people of Bosnia-Herzegovina a growing sense of their country's identity. They have exposed any resistance to the idea of a BiH State, and so have helped people to identify the main opponents of the country's normalization. They have generated an incipient awareness that the State, as enshrined in Dayton and separate from its constituent Entities, really exists. This has been the true value of these measures.

Economy

Much work has been done to achieve economic recovery and create a modern market economy. There have been advances in all public utilities -- railways, bus lines, roads, navigation, telecommunications, postal services, electricity. The first trains have just started to run again between Sarajevo and Ploce. The introduction of the Konvertiblna Marka, the arrangements for external debt, and the liquidation of the Narodna Bank have been completed. There has been important progress in budgetary and fiscal policy and in customs and trade. The reform of the payment system and the dismantling of payment bureaux are under way. Privatization laws have been adopted and the Privatization Commission has been set up, although other problems, such as those linked to restitution, could still cause some delay. The Social Security Law, the Labour Law and the establishment of the BiH Agency for the Promotion of Foreign Investment are in development. The Law on Foreign Investment was completed in May 1998.

The resources at the disposal of the local authorities and the International Community are so scarce in comparison to the enormous size of the job in hand - wholesale economic reform - that completion of the main tasks will still take time.

Take the creation of the internal BiH market: it is almost complete, and in fact the legislation adopted is producing revolutionary improvements in inter-Entity trade. But we will need to finalize the establishment of points of collection for goods in the Federation, for example, and to harmonize rates for sales taxes on both excisable and non-excisable goods, and create an inter-Entity payment mechanism for social contributions and labour taxes.

What All This Entails: A Changing Country.

Amidst the ruins left by war, we have endeavoured to nurture the basic mechanisms of democratic society: the rule of law, the identity of the State, the creation of a market economy. The International Community has been heading in the right direction . Yet we must continue to insist on these fundamentals. At the same time, roughly half of the refugees and displaced persons created by the war and its immediate aftermath have returned, even if not always to their homes of origin. Finally, one very significant point is that the Sarajevo Declaration seems at last to be on the right track.

Bosnia and Herzegovina has changed radically over the last two years. Freedom of Movement is a reality. Minds are more open. There has been a substantial shift towards the division, or the decline, of radical nationalist parties, on the one hand, and towards the reinforcement of ideological, non-nationalistic parties, such as the Social Democrats, on the other. The media are now more credible, less biased, more independent, less nationalistic. People care more about social and economic issues and less about ethnic strife. Local authorities, which for much of the period often resisted democratization and modernity, have started to co-operate properly with the International Community in its efforts to bring the country forward. People are casting off their wartime mentality.

There is still a long way to go, however. And let me insist on this: without adequate funding, reforms will be jeopardized. Unfortunately, at the Donors' Conference in May, only 30% of the cost of implementing reforms was pledged. Moreover, in some cases - the media in particular - it is difficult for one government to justify support when there is no similar commitment from other nations. The answer is simple: if you want reform to succeed, you must pay for it.

Finally, were it not for the powers I was granted at Bonn and Madrid, there would have been almost no progress. Some Bosnian leaders still seem to see Dayton implementation as a continuation of the war by other means. The proposed downsizing of the SFOR presence will not make things any easier. The High Representative's powers are still indispensable and should continue to be used without hesitation whenever local institutions and authorities fail to support Dayton, or try to impede our work to put Bosnia and Herzegovina back on its feet and enable it progress towards European integration.